



## THE NEXT PHASE OF CANADA'S ECONOMIC ACTION PLAN A LOW-TAX PLAN FOR JOBS AND GROWTH

### WHAT IT MEANS FOR CAREGIVERS

CA1  
FN1  
-2011  
N32



## Caregivers will benefit from the Next Phase of Canada's Economic Action Plan, with important new measures like:

- A new Family Caregiver Tax Credit, a 15-per-cent non-refundable tax credit on an amount of \$2,000 for caregivers of infirm dependent relatives, including, for the first time, spouses, common-law partners and minor children.
- Removing the \$10,000 limit on the amount of eligible expenses a taxpayer can claim under the Medical Expense Tax Credit in respect of a financially dependent relative.

Find out more inside...



THE NEXT PHASE OF CANADA'S  
ECONOMIC ACTION PLAN  
A LOW-TAX PLAN FOR  
JOBS AND GROWTH  
Find out what's in it for you

**ActionPlan.gc.ca**  
1 800 O-Canada (1-800-622-6232)  
1-800-926-9105 (TTY)

Ce document est également offert en français.

Budget measures are subject to parliamentary approval

Canada

NEXT PHASE OF  
CANADA'S ECONOMIC  
**ACTION  
PLAN**



## MEDICAL EXPENSES INCURRED BY CAREGIVERS ON BEHALF OF DEPENDENT RELATIVES — AN EXAMPLE OF HOW THIS MAY BENEFIT YOU

Fran, an 84-year-old widow, has recently suffered a fall and has become confined to a wheelchair. She is no longer independent and has moved in with her daughter and son-in-law, Rebecca and David. In addition to buying a wheelchair, Rebecca and David have made a number of changes to their home to accommodate Fran. These include installing a ramp and widening some of the doorways. They have also equipped their van with a wheelchair lift. As a result, Rebecca and David have incurred \$15,000 in eligible medical expenses in excess of Fran's net income threshold. Claiming these expenses under the Medical Expense Tax Credit reduces their income tax by \$2,250 (i.e., 15 per cent of \$15,000). Without this budget measure, they would have been able to reduce their tax by only \$1,500 (15 per cent of \$10,000).

## THE NEXT PHASE OF CANADA'S ECONOMIC ACTION PLAN TAX RELIEF FOR CAREGIVERS



### INTRODUCTION

Many Canadians make incredible personal sacrifices to care for a loved one—be it their child, mother, father, husband, wife or other family member struggling with an infirmity—often while holding down a job. The Government recognizes and values what they do. That's why we are taking action to help lighten their load.

The Next Phase of Canada's Economic Action Plan proposes new tax support for caregivers by introducing the Family Caregiver Tax Credit and better recognizing medical expenses incurred by caregivers.

This complements the Registered Disability Savings Plan (RDSP) we introduced in 2007 that, along with the Canada Disability Savings Grant and Canada Disability Savings Bond, helps parents with the special challenges they face in caring for a child with a severe disability. The RDSP helps give parents greater peace of mind for their child's long-term financial security.



### FAMILY CAREGIVER TAX CREDIT

Effective January 1, 2012, the new Family Caregiver Tax Credit, a 15-per-cent non-refundable credit on an amount of \$2,000, will provide tax relief for caregivers of infirm dependent relatives, including, for the first time, spouses, common-law partners and minor children.

Caregivers will benefit from the new Family Caregiver Tax Credit by claiming an enhanced amount for an infirm dependant under one of the following credits: the Spouse or Common-Law Partner Credit, the Child Tax Credit, the Eligible Dependant Credit, the Caregiver Credit or the Infirm Dependant Credit.



### FAMILY CAREGIVER TAX CREDIT—EXAMPLES OF HOW THIS MAY BENEFIT YOU

Manon is a teacher with a young family. Manon's mother, Claudine, is a low-income senior who lives with Manon's family. Claudine is infirm and is dependent on Manon's assistance for her personal needs. In addition to the tax relief that she receives through the existing Caregiver Credit, Manon will be able to claim the new 15-per-cent Family Caregiver Tax Credit on an amount of \$2,000.

Fred has been taking time off from work to take his infirm wife Lucy to appointments and to attend to her personal needs. There is currently no tax measure that specifically recognizes Fred's role as a caregiver. Fred will now be able to claim the new 15-per-cent Family Caregiver Tax Credit on an amount of \$2,000.

One of Tony and Vanessa's children, Ryan, age 12, is infirm and is eligible for the Disability Tax Credit. Because of his infirmity, Ryan requires significant assistance from his parents to attend to his personal needs. Either Tony or Vanessa will be able to claim the new 15-per-cent Family Caregiver Tax Credit on an amount of \$2,000, in addition to other support they receive as parents of a child eligible for the Disability Tax Credit.



### MEDICAL EXPENSES INCURRED BY CAREGIVERS

Canadians spend millions every year on medical expenses for their loved ones. Whether it's prescription drugs or special medical equipment, these costs can quickly add up for a family caregiver.

The Government provides a Medical Expense Tax Credit to recognize that individuals and caregivers faced with these costs have a reduced ability to pay tax. With the Next Phase of Canada's Economic Action Plan, the Government is improving this credit to ensure it better responds to the needs of Canadian caregivers by ensuring medical and disability-related expenses are fully recognized by the tax system.

Currently, there is no limit on the amount of eligible expenses a taxpayer can claim for himself or herself, a spouse or common-law partner, or a dependent child under age 18.

However, caregivers who incur medical and disability-related expenses for an aging parent, sibling or other financially dependent relative aren't able to claim expenses above \$10,000. As a result, some caregivers who incur extraordinary medical and disability-related expenses do not receive full tax recognition for these expenses.

The Next Phase of Canada's Economic Action Plan better recognizes the costs incurred by these caregivers by removing the \$10,000 limit on the amount of eligible expenses a taxpayer can claim, effective the 2011 tax year.